

## **TAXPAYERS UNITED MICHIGAN FOUNDATION**

41711 Utica Rd.

Sterling Heights, MI 48313

(586) 991-0970      Cell (248) 798-8501      Fax (586) 991-0980      [McMasterPR@aol.com](mailto:McMasterPR@aol.com)

### ***Backgrounder March 21, 2007:***

#### ***U.S. Census Data Disputes State Revenue Reports***

NEWS MEDIA CONTACT:

Bill McMaster, State Chairman (Volunteer)

**Washington, D.C. & Lansing, MI** – Two obvious state revenue source omissions could be responsible for the \$15.5 Billion discrepancy between the U.S. Census Bureau's 2005 Total State Revenue Report and that of Michigan Governor Jennifer Granholm, learned Bill McMaster, State Chairman (Volunteer), Taxpayers United Michigan Foundation, the state's original watchdog on taxpayer concerns.

The \$15.5 Billion discrepancy between the U.S. Census report of \$55.7 Billion and Governor Granholm's report of \$40.2 Billion could lie in the State's omission of Insurance Trust Revenues and Bond Bank Receipts.

"Until the Governor releases from her office the entire source data for the Census Bureau report, we will never know the extent of Total State Revenues that are being withheld from public knowledge," McMaster said following a two-hour meeting with the U.S. Census Bureau – Governments Section on March 16, 2007. He explained that two knowledgeable and cooperative representatives at the newly-constructed Census Bureau building in Washington D.C. described how their agency annually collects Total State Revenue figures from all 50 states in four sectors:

- General Revenue (including Bond Bank revenues)
- Utility Revenue
- Liquor Store Revenue
- Insurance Trust Revenue (including Pension Fund deposits)

In confirming the discrepancy between the two reports, Christopher V. Pece, Chief of the Census Bureau's Public Finance Analysis Branch, said, "I'm not sure what Michigan's Governor is including in her numbers but part of the difference between our 2005 General Revenue for Michigan and theirs could be one of organizational structure. For example, do they include the higher education system, the state lottery system, or the Michigan State Housing Development Authority?"

The issue of disclosing revenues from units of government called "Authorities" or "Special Districts" could be another major cause for the difference between the Governor's income report and the actual revenue received by the state for purposes of determining the Gross Domestic Product (GDP). The State of Michigan has created some 332 Authorities and Special Assessment Districts that are counted as revenue-producing governments.

"In fact, the U.S. Census Bureau- Governments Division states that Michigan ranks 13<sup>th</sup> among the states in number of local governments, with 2,805 forms of local governments and authorities," McMaster pointed out.

"We in Taxpayers United believe Gov. Granholm is not complying with her fiduciary duty mandated by our Michigan Constitution to annually report to the people the revenues from all Authorities and Bond Banks under her control as Chief Executive Officer for the State of Michigan," McMaster stated Wednesday, March 21, after testifying before a legislative committee in the State Capitol. "The Governor already has the accounting on those September 30 fiscal year-end figures when she submits Michigan's Total State Revenues each December to the U.S. Census Bureau for inclusion in its Annual Survey.

The 2005 Census Bureau's Annual Survey on Total State Revenues was not released until February 2007. Gov. Granholm reported Total State Revenues for 2006 were \$41.5 billion, and estimated current 2007 Total State Revenues will again increase almost \$1 billion to \$42.6 billion. "That'll still leave grassroots Michigan taxpayers wondering how she is collecting and spending \$12-15 billion more every year than she reports for Total State Revenues in her State of Michigan Comprehensive Annual Financial Report," McMaster noted.

"Taxpayers United Michigan Foundation is again asking Governor Granholm why she doesn't report revenues from the State's higher education system, State Lottery Fund, Michigan State Housing Development Authority,

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Tobacco Settlement Trust Fund, State Employees' Retirement Fund, Public School Employees' Retirement Fund, Judges' Retirement Fund, Land Bank Fast Track Authority, Transportation Related Revenue Funds, Michigan Economic Development Authority, Michigan Strategic Fund, 21<sup>st</sup> Century Jobs Fund, etc. in Total State Revenues like 49 other states do with similar state assets and liabilities," McMaster said.

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Taxpayers United Michigan Foundation, now tax deductible under IRS Code 501(c)(3) education in the public interest, is an outgrowth of Taxpayers United founded in 1976 to muster statewide support for the successful 1978 Headlee Tax Limitation Amendment, and is Michigan's oldest and largest non-partisan, non-profit grassroots taxpayer organization defending citizen rights under our Michigan Constitution.

Complete details on the Census Bureau reports can be found at two websites:

<http://www.census.gov/econ/census02/>

<http://www.census.gov/govs/www/class06.html>

Or, contact:

Christopher V. Pece, Chief, Public Finance Analysis Branch,  
301-463-7330 or by e-mail: [christopher.pece@census.gov](mailto:christopher.pece@census.gov). Or,  
Henry S. Wulf, Assistant Division Chief for Recurring Programs,  
1-800-2422184 or by e-mail: [hwulf@census.gov](mailto:hwulf@census.gov).

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# Proof Gov. Granholm is Cooking the Books

## **Total State Revenues**

<b>Calendar</b>	<b>Year</b>	<b>Gov. Granholm</b>	<b>CPI</b>	<b>U.S. Census Bureau</b>	<b>Amount not disclosed by state</b>
	2007	\$42.6 Billion (Est.)	1.7%	Does not estimate	N/A
	2006	\$41.7 Billion	3.0%	Compilation released Jan 2008	N/A
	2005	\$40.2 Billion	2.9%	\$55.7 Billion	\$15.5 Billion
	2004	\$38.9 Billion	1.6%	\$56.0 Billion	\$17.1 Billion
	2003	\$37.9 Billion	2.9%	\$50.1 Billion	\$12.2 Billion

The state of Michigan annually reports "Total State Revenues" to the Federal Government, U.S. Census Bureau - Governments Division, which take a year to compile and compare with all other states. Documentation of the Census Bureau's total state revenues for Michigan can be found on web site  
<http://www.census.gov/govs/www/state05.html>

Gov. Jennifer Granholm's Annual Executive Budget Report and her 232-page State of Michigan Comprehensive Annual Financial Report (published in April) contain her version of Total State Revenues which are not independently audited.

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